



Black, White and Grey

Posted by [Pierluigi Oliverio](#) on Monday, March 17, 2008

Last week I wrote about exploring furloughs instead of layoffs to balance the budget. Part of my job is to come up with ideas/solutions to issues/problems. There are lots of departments in a city our size and lots of different opinions. What one department sees as black, another may see as white, and yet another, grey.

When it comes to the question of the December shutdown of City Hall (200 East Santa Clara), the reality is that it is not the same as a private sector shutdown where employees simply do not get paid regardless of accrued vacation hours.

During our shutdown we don't save much money since 90-95 percent of employees use their vacation hours or personal leave hours. However, we do save indirectly by clearing the vacation hour liability off our books. Both public and private accounting view vacation hours as a liability since they must be paid when people leave or retire.

In private companies, there tends to be strict limits on the amount of hours that may be accrued—say 160 hours for example. When one reaches this point, there are no more hours that can be saved, so one needs to take time off or misses the ability to accrue. Our city is generous and allows twice the annual amount of vacation hours to be accrued. So depending on the bargaining unit and years of service, a city employee may save between 240-400 hours. Historically the city has made large monetary payouts when people leave or retire, especially those whose incomes exceed \$100,000.

Whether it is a city's budget director or the CFO at a company, shutdowns that use vacation hours still require an outlay of capital on payroll. If you talk to a human resources department, it is viewed from the benefits side on whether or not one may use vacation hours during a shutdown.

A true furlough, or a single day off per year "without pay" for ALL employees, would save San Jose \$3 million. That money would avoid

many layoffs and continue to give services to the residents of San Jose.

I still propose that the city meet and confer with unions to explore a true furlough that avoids layoffs. In addition, we should examine the amount of vacation hours that can be accrued.

A blog should be an exchange of ideas—some interesting, some thought provoking and some with another adjective that you can insert.

In the end, the budget leaves tough choices that will be upsetting to both residents and labor. The goal is to come up with ideas that leave both intact.

The budget will be discussed at City Hall tomorrow, Tuesday March 18, after 7:15pm.

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